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(Original Signature of Member)

117TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to increase the research tax credit and provide better access to the credit for business startups.

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IN THE HOUSE OF REPRESENTATIVES

Mrs. WALORSKI introduced the following bill; which was referred to the Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To amend the Internal Revenue Code of 1986 to increase the research tax credit and provide better access to the credit for business startups.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Fostering Innovation  
5       and Research to Strengthen Tomorrow Act”.

6       **SEC. 2. INCREASE IN RESEARCH CREDIT AND BETTER AC-**  
7       **CESS TO CREDIT FOR STARTUPS.**

8       (a) CREDIT RATE INCREASE.—

1           (1) IN GENERAL.—Section 41(a) of the Internal  
2       Revenue Code of 1986 is amended by striking “20  
3       percent” each place it appears and inserting “40  
4       percent”.

5           (2) ALTERNATIVE SIMPLIFIED CREDIT.—Sec-  
6       tion 41(c)(4)(A) of such Code is amended by strik-  
7       ing “14 percent” and inserting “28 percent”.

8           (3) CREDIT RATE IN CASE OF NO RESEARCH  
9       EXPENSES IN 3 PRECEDING YEARS.—Section  
10      41(c)(4)(B)(ii) of such Code is amended by striking  
11      “6 percent” and inserting “ $\frac{1}{2}$  the credit percentage  
12      in effect under subparagraph (A)”.

13      (b) MODIFICATION OF SMALL BUSINESS PORTION  
14      ALLOWED AGAINST PAYROLL TAX.—

15           (1) INCREASE IN LIMITATION.—Paragraphs  
16      (4)(B)(i) and (5)(B)(ii) of section 41(h) of such  
17      Code are each amended by striking “\$250,000” and  
18      inserting “\$500,000”.

19           (2) QUALIFIED SMALL BUSINESS GROSS RE-  
20      CEIPTS THRESHOLD.—Section 41(h)(3)(A)(i)(I) of  
21      such Code is amended by striking “\$5,000,000” and  
22      inserting “the dollar amount in effect for the taxable  
23      year under section 448(c)(1)”.

1       (c) EFFECTIVE DATES.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2022.